

Iowa Higher Education Loan Authority



2019 Annual Report



*Grinnell College
Humanities & Social Studies Center*

TABLE OF CONTENTS

Board Letter	ii
Authority Members	1
Profile of Authority	2
Eligible Participating Institutions	2
Summary of Financings	3-7
Report of Independent Accountants	8-12
Financial Statements	13-15
Notes to Financial Statements	16-18
List of Colleges and Universities	19

Clarke University Center of Science Inquiry



IHELA

December 1, 2019

The Honorable Kim Reynolds

Governor, State of Iowa

The Honorable Charles Schneider

President, Iowa State Senate

The Honorable Linda Upmeyer

Speaker of the House

Dear Governor Reynolds and Distinguished Leaders:

For thirty-seven years the Iowa Higher Education Loan Authority (IHELA) has been serving Iowa's independent not-for-profit colleges and universities by providing affordable financing of facilities and working capital through the issuance of tax-exempt debt on their behalf. It is our privilege to deliver to you the 2019 Annual Report for the Iowa Higher Education Loan Authority. This annual report is submitted in compliance with the Code of Iowa, Chapter 261A.21.

Since its founding in 1982, IHELA has completed 261 stand-alone, Sallie Mae and lease purchase issues totaling \$2,628,368,129 of which \$671,570,065 is outstanding as of June 30, 2019. During the Authority's existence, Iowa's regionally accredited independent not-for-profit private colleges have continued to grow and advance. We believe IHELA plays a significant role in enabling them to remain competitive by providing low cost capital and working capital financings.

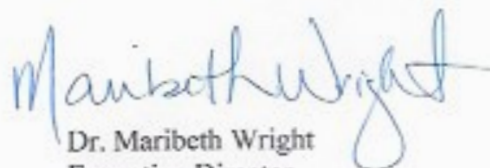
In fiscal year 2019, IHELA issued 3 stand-alone financings for facilities on behalf of Des Moines University, Clarke University and Palmer College Chiropractic Medicine in the amount of \$51,088,587. One institution participated in the Authority's Revenue Anticipation Note program to obtain short-term cash flow financings. This institution borrowed \$5,800,000. The total amount of bonds issued for fiscal year 2019 was \$56,888,587.

IHELA recognizes that the colleges and universities are invaluable assets providing educational, cultural and economic opportunities for all the citizens of the state. IHELA stands ready to provide low-cost, readily available financing options for Iowa's independent not-for-profit institutions of higher education. We appreciate the confidence you have placed in us and thank you for the opportunity to serve Iowa independent higher education through these special financing programs.

Respectfully submitted



Annette Shaw
Chairperson



Dr. Maribeth Wright
Executive Director

AUTHORITY MEMBERS

BOARD OF DIRECTORS

Annette Shaw

Chairperson

Ms. Shaw is the retired Institutional Investment Executive for BTC Capital Management in Des Moines, Iowa. Her current term expires April 30, 2024.

Dr. Ed Rogalski

Vice Chairperson

Dr. Rogalski is President Emeritus of St. Ambrose University in Davenport, Iowa. His current term expires April 30, 2022. As of October 4, 2019, Dr. Rogalski resigned his position on the IHELA Board.

Beverly Wharton

Treasurer

Ms. Wharton is President Emerita of Briar Cliff University in Sioux City, Iowa. Her current term expires April 30, 2020

Gary Steinke

Secretary

Mr. Steinke is the President of the Iowa Association of Association of Independent Colleges and Universities. His current term expires April 30, 2023.

Dr. John Hartung

Assistant Secretary

Dr. Hartung is the retired President of the Iowa Association of Independent Colleges and Universities. His current term expires April 30, 2021.

STAFF

Dr. Maribeth Wright
Executive Director

INDEPENDENT AUDITORS

Shull & Co., P.C.

BOND COUNSEL

Ahlers & Cooney, P.C.
Davis, Brown, Koehn Shors & Roberts, P.C.
Dorsey & Whitney, LLP.
Gilmore & Bell, P.C.

LEGAL COUNSEL

Davis, Brown, Koehn, Shors & Roberts, P.C.

FINANCIAL ADVISOR

Will B. Tschudy

TRUSTEES

American Trust & Savings Bank
UMB
The Commerce Trust Co.
U.S. Bank N.A.
Wells Fargo Bank, N.A.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Profile of the Authority	Eligible Participating Institutions
<p>The Iowa Higher Education Loan Authority (the Authority) was created by the State Legislature in 1982 under the provisions of Chapter 261A, as a body politic and corporate of the State of Iowa. All obligations incurred by the Authority are exclusively those of the Authority and do not place an obligation on, or have the guarantee of, the State of Iowa. All administrative expenses of the Authority are paid from funds provided through the operation of its programs. The Authority has never received any appropriations from the State of Iowa. The Bonds issued are special and limited obligations of the Authority and do not represent, constitute or create an obligation, general or special, or debt, liability or moral obligation of the State or any political subdivision of the State within the meaning of any constitutional or statutory limitation.</p> <p>The Authority was established for the purpose of financing education loans for regionally accredited independent institutions of higher education through the investment of private capital (Code of Iowa, Chapter 261A.1). In 1985, the Legislature expanded the function of the Authority to provide for loans to finance the acquisition, construction and renovation of needed educational facilities, structures and equipment, and to refund, refinance, or reimburse outstanding indebtedness incurred by eligible Iowa independent institutions (Code of Iowa, Chapter 261A.32). In 1997, the Legislature amended and expanded the function of the Authority for a project that is to be leased by the authority to an institution and to provide for loans in anticipation of the receipt of tuition by an institution. The Legislature also removed a restriction that IHELA shall not have outstanding at any one time obligations issued in an aggregate principal amount exceeding one hundred fifty million dollars (Code of Iowa, Chapter 261A.34). In 2000, the legislature amended Chapter 261A to provide that interest on obligations issued by the Authority is exempt from state income tax and to authorize the Authority to finance facilities that will be leased to institutions by a third party.</p> <p>The Authority is empowered to issue tax-exempt revenue bonds and to make the proceeds available in low-interest loans to eligible institutions for the purposes stated above.</p> <p>A Board of five members who are appointed by the Governor of the State and are subject to confirmation by the Senate governs the Authority. Members must be residents of Iowa and no more than three may be members of the same political party or gender. Appointments are made for six-year terms. The State Treasurer serves as an ex-officio member of the Authority.</p>	<p>An eligible institution means a nonprofit educational institution located in Iowa not owned or controlled by the state or any political subdivision, agency, instrumentality, district, or city of the state, which is authorized by law to provide a program of education beyond the high school level and which meets all of the following requirements:</p> <ul style="list-style-type: none"> a) Admits as regular students only individuals having a certificate of graduation from high school, or the recognized equivalent of such a certificate. b) Provides an educational program for which it awards a baccalaureate degree; or provides an educational program which conditions admission upon the prior attainment of a baccalaureate degree or its equivalent, for which it awards a post-graduate degree; or provides not less than a two-year program which is acceptable for full credit toward a baccalaureate degree, or offers not less than a two year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge. c) Is accredited by a nationally recognized accrediting agency or association or, if not accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are accredited. d) Does not discriminate in the admission of students on the basis of age, race, creed, color, sex, national origin, religion, or disability. e) Has a governing board which possesses its own sovereignty. f) Has a governing board, or delegated institutional officials, which possess final authority in all matters of local control, including educational policy, choice of personnel, determination of program, and financial management

IOWA HIGHER EDUCATION LOAN AUTHORITY

Participating Colleges & Universities

Iowa's independent colleges and universities are vital to our state's economy. The communities these institutions serve reap many cultural as well as economic benefits. Following is a description of the bond financings which IHELA has issued to provide loan funds through tax-exempt bonds to students, private colleges and universities in Iowa. These funds have enabled students to attend the educational institution of their choice and enhanced campus facilities of these institutions to maintain a top quality educational experience.

Fiscal Year 2019 Issues:

Des Moines University

- ✚ Issued September 2018 in the amount of \$23,505,000. The bonds provided funds to current refund the University's existing Series 2003 and 2004 Bonds. The 2003 bonds were originally issued to construct and equip the building which houses the library, wellness center, auditorium, student commons, offices and classrooms and the 2004 bonds were originally issued to refund their Series 1995 bonds with the Authority.

Clarke University

- ✚ Issued May 2019 in the amount of \$6,083,587. The bonds were privately placed with U.S. Bank to refinance the 2012 Series A Bond that had reached its call date.

Palmer College of Chiropractic Medicine

- ✚ Series A issued June 2019 in the amount of \$21,500,000. The bonds provided funds to finance the renovation of the Academic Health Center's third floor which will house the student clinic, academic radiology and assessment spaces; the renovation of B.J. Palmer Hall; the renovation of the David D. Palmer Health Sciences Library and the remodeling of Library Plaza.

Revenue Anticipation Notes – Private Education working Capital Loan Program

- ✚ Series A Issued May 2019 in the amount of \$5,800,000. The note provided funds to make a working capital loan to one educational institution participating in the program.

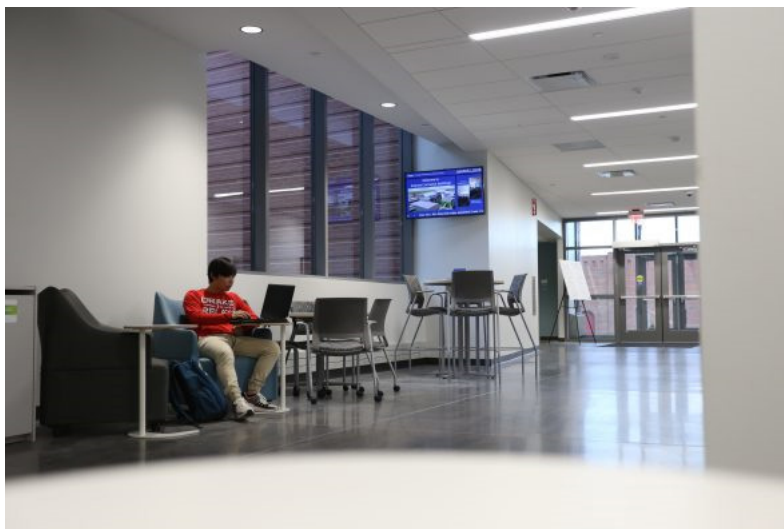
The Year In Review

2019 represents IHELA's 37th year of serving Iowa's independent not-for-profit colleges and universities by providing affordable financing of facilities and working capital through the issuance of tax-exempt debt.

During fiscal year 2019, IHELA issued 3 bond issues and 1 RAN (Revenue Anticipation Note) totaling \$56,888,587. As of June 30, 2019 IHELA has completed 261 financings totaling over \$2.4 billion.

Financing highlights for the fiscal year ending June 30, 2019

- \$29,588,587 was issued for refinancing existing debt.
- \$21,500,000 was issued for a new money capital project.
- \$5,800,000 was issued for working capital.
- Participating Institutions:
 - Des Moines University
 - Clarke University
 - University of Dubuque
 - Palmer College of Chiropractic Medicine



Science Connector Building, Drake University

SUMMARY OF BOND ISSUES

Prior Years' Issues:

2019

INSTITUTION	Amount Issued
Palmer College of Chiropractic Medicine	21,500,000
Clarke University	6,083,587
RAN	5,800,000
Des Moines University	23,505,000
Total	56,888,587

2018

INSTITUTION	Amount Issued
RAN	5,800,000
Loras College Series B	10,204,000
Loras College Series A	7,296,000
Luther College	20,945,000
Total	44,245,000

2017

INSTITUTION	Amount Issued
St. Ambrose University	9,775,000
RAN	6,000,000
Cornell College	20,000,000
Grinnell College	104,455,000
Drake University, Series B	29,695,000
Drake University, Series A	15,200,000
Central College	55,675,000
Upper Iowa University	70,940,000
Buena Vista University	6,955,000
Total	318,695,000

2016

INSTITUTION	Amount Issued
University of Dubuque	30,020,000
RAN	4,900,000
Drake University	32,480,000
St. Ambrose University	51,690,000
Total	119,090,000

2015

INSTITUTION	Amount Issued
RAN	9,500,000
Wartburg College	85,940,000
Grand View University	20,745,000
Morningside College	24,010,000
Grinnell College	56,415,000
Central College	10,947,720
Total	207,557,810

2014

INSTITUTION	Amount Issued
Grand View University	13,400,000
RAN	10,870,000
Cornell College	22,290,000
Morningside College	19,250,000
Total	65,810,000

2013

INSTITUTION	Amount Issued
Simpson College	27,841,842
RAN	19,090,000
Upper Iowa University	22,495,000
Total	69,426,842

2012

INSTITUTION	Amount Issued
Central College	50,700,000
RAN	20,000,000
Clarke University	16,000,000
Luther College	24,065,000
St. Ambrose University	12,000,000
Loras College	2,500,000
University of Dubuque	8,895,000
Total	134,160,000

2011

INSTITUTION	Amount Issued
RAN	25,900,000
Capital Revenue Note (BVU)	1,875,000
Buena Vista University	15,300,000
William Penn University Note	11,500,000
Upper Iowa University	44,290,000
Total	98,865,000

2010

INSTITUTION	Amount Issued
Grand View University	15,395,000
RAN	25,700,000
Grinnell College	58,905,000
Maharishi University of Management	9,390,000
William Penn University Note	11,500,000
Simpson College	12,100,000
William Penn University	10,350,000
William Penn University	1,150,000
Maharishi University RAN Note	3,855,000
Total	148,345,000

2009

INSTITUTION	Amount Issued
RAN	38,500,000
Luther College	11,000,000
Total	49,500,000

2008

INSTITUTION	Amount Issued
Cornell College	11,695,000
Grinnell College	60,000,000
RAN	29,465,000
St. Ambrose University	20,000,000
Buena Vista University	2,500,000
Total	123,660,000

2007

INSTITUTION	Amount Issued
Buena Vista University	7,870,000
RAN	30,710,000
University of Dubuque	34,700,000
Waldorf College	14,810,000
Cornell College	6,940,000
Loras College	22,035,000
William Penn University	8,000,000
Grand View College	27,000,000
Total	152,065,000

2006

INSTITUTION	Amount Issued
Buena Vista University	2,400,000
Iowa Wesleyan College	5,750,000
RAN	31,170,000
Wartburg College	87,725,000
Total	127,045,000

2005

INSTITUTION	Amount Issued
William Penn University	11,500,000
RAN	25,200,000
Simpson College	12,140,000
Total	48,840,000

2004

INSTITUTION	Amount Issued
Buena Vista University	2,250,000
Des Moines University	13,785,000
Buena Vista University	1,040,000
Waldorf College	6,015,000
RAN	23,695,000
University of Dubuque	13,200,000
Grand View College	1,250,000
Total	61,235,000

2003

INSTITUTION	Amount Issued
Des Moines University	22,700,000
Buena Vista University	1,000,000
RAN	31,800,000
St. Ambrose University	37,795,000
Graceland University	15,900,000
Buena Vista University	9,600,000
Luther College	15,000,000
Mt. Mercy College	3,595,000
Wartburg College	50,000,000
Total	187,390,000

2002

INSTITUTION	Amount Issued
RAN	30,880,000
Loras College	5,000,000
Grinnell College	50,000,000
Buena Vista University	7,605,000
Cornell College	10,000,000
Total	103,485,000

2001

INSTITUTION	Amount Issued
Central College	42,910,000
RAN	33,630,000
Loras College	20,450,000
Grand View College	7,500,000
Maharishi International University	1,500,000
University of Dubuque	1,200,000
Total	107,190,000

2000

INSTITUTION	Amount Issued
RAN	20,115,000
Iowa Wesleyan College	4,000,000
Wartburg Theological Seminary	9,420,000
Briar Cliff University	9,000,000
St. Ambrose University	12,595,000
Waldorf College	12,000,000
Mt. Mercy College	5,495,000
Wartburg Theological Seminary	375,000
Total	73,000,000

1999

INSTITUTION	Amount Issued
RAN	11,725,000
Maharishi International University	4,500,000
Central College	20,320,000
RAN	9,500,000
Total	46,045,000

1998

INSTITUTION	Amount Issued
AIB College of Business	4,030,000
Mount Mercy College	175,000
Luther College	10,445,000
Mt. Mercy College	408,000
Clarke College	159,886
Total	15,217,886

1997

INSTITUTION	Amount Issued
Palmer College of Chiropractic Medicine	12,695,000
St. Ambrose University	2,575,000
Loras College	8,915,000
Iowa Wesleyan College	569,640
William Penn University	882,653
Grinnell College	12,000,000
Faith Baptist Bible College	400,000
Wartburg College	1,168,500
Coe College	530,000
Waldorf College	510,000
Grand View College	510,000
Briar Cliff College	744,900
Total	41,500,693

1996

INSTITUTION	Amount Issued
St. Ambrose University	4,675,000
Drake University	950,000
Total	5,625,000

1995

INSTITUTION	Amount Issued
University of Osteopathic Medicine	15,000,000
St. Ambrose University	6,200,000
Briar Cliff College	719,183
Total	21,919,183

1994-1991

INSTITUTION	Amount Issued
Palmer College of Chiropractic Medicine	600,000
Mount Saint Clare College	19,000
Briar Cliff College	750,000
Drake University Series A	4,075,000
Drake University Series B	3,600,000
Loras College	3,500,000
Coe College	2,000,000
Graceland College	5,850,000
Drake University	1,840,000
Coe College	1,150,000
Briar Cliff College	500,000
University of Dubuque	141,152
Total	24,025,152

Since its founding in 1982, IHELA has completed 261 stand-alone, Sallie Mae and lease purchase issues totaling \$2,628,368,129 of which \$671,570,065 is outstanding as of June 30, 2019.

IOWA HIGHER EDUCATION LOAN AUTHORITY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

June 30, 2019



**Shull, Schrum, McClafin
& Co., Inc.**
certified public accountants



**Shull, Schrum, McClaflin
& Co., Inc.**
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Iowa Higher Education Loan Authority

We have audited the accompanying statement of net position of Iowa Higher Education Loan Authority, as of June 30, 2019 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Indianola, Iowa 50125
515-961-2571 • Fax 515-961-4253

133 W. Washington
Osceola, Iowa 50213
641-342-2611 • Fax 641-342-2746

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2019 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 and 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Shull, Schrum, McClellan & Co., Inc.

September 26, 2019

IOWA HIGHER EDUCATION LOAN AUTHORITY

Management Discussion & Analysis June 30, 2019

General Overview of Financial Statements

The three basic statements presented within the financial report are as follows:

- **Statement of Net Position** – This statement presents information reflecting the Authority’s assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities. The Statement of Net Position is categorized as current and noncurrent assets and liabilities. For the purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within one year of the statement date.
- **Statement of Revenues, Expenses and Changes in Net Position** – This statement reflects the operating revenue and expenses during the year. Operating revenue is from administrative fees charged to colleges and universities. The change in net position for an enterprise fund is similar to net profit or loss for any other business enterprise.
- **Statement of Cash Flows** – This statement is presented on the direct method of reporting which reflects cash flows from operating, capital and related financing and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

The following summarizes the financial position and results of operations of the Authority for the years ended June 30, 2019 and 2018.

	2019	2018
ASSETS		
Current Assets	\$ 852,174	931,893
Noncurrent Assets	385	502
Total Assets	852,559	932,395
LIABILITIES & NET POSITION		
Current Liabilities	5,021	5,056
Noncurrent Liabilities	-	-
Total Liabilities	5,021	5,056
Total Net Position	\$ 847,538	927,339
OPERATING EXPENSES & REVENUES		
Total Operating Revenues	\$ 128,571	129,392
Total Operating Expenses	231,896	204,496
Operating Income (loss)	\$ (103,325)	(75,104)

IOWA HIGHER EDUCATION LOAN AUTHORITY

Management Discussion & Analysis (Continued) June 30, 2019

Fiscal Year 2019 saw the Iowa Higher Education Loan Authority issue 4 separate conduit bond financings totaling \$56,888,587. This level of business generated operating revenue totaling \$128,571 (\$821 or 0.6% less than fiscal 2018). IHELA continued its investment in additional financing programs and support services for the private not-for-profit Iowa institutions during the fiscal year, including the benchmarking service that provided an in-depth analysis of 30 key ratios for participating institutions. Thirteen institutions participated in the benchmarking program and IHELA partnered once again with Baker Tilly Virchow Krause & Co. to complete the project. IHELA covered 2/3 of the participation costs for each institution (\$13,835 total). Overall operating expenses totaled \$231,896 (\$27,400 or 13.3% more than fiscal 2018).

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Net Position June 30, 2019

Assets

Current assets:

Cash and cash equivalents	\$	185,468
Investments		652,145
Accounts receivable		3,500
Accrued interest receivable		11,061
Total current assets		<u>852,174</u>

Noncurrent assets:

Capital assets less accumulated depreciation		<u>385</u>
Total assets	\$	<u>852,559</u>

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$	<u>5,021</u>
Total current liabilities	\$	<u>5,021</u>

Net Position

Investment in capital assets	\$	385
Unrestricted		<u>847,153</u>
Total net position	\$	<u>847,538</u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position Year ended June 30, 2019

Operating revenues:	
Financing fees income	\$ 128,571
Operating expenses:	
General and administrative	<u>231,896</u>
Operating income (loss)	(103,325)
Nonoperating revenues:	
Interest income	<u>23,524</u>
Net increase (decrease) in net position	(79,801)
Net position at beginning of year	<u>927,339</u>
Net position at end of year	<u><u>\$ 847,538</u></u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Statement of Cash Flows Year ended June 30, 2019

Cash flows from operating activities:	
Cash receipts for fees	\$ 132,071
Cash payments to employees	(175,396)
Cash payments for other operating expenses	(56,418)
Net cash used by operating activities	<u>(99,743)</u>
Cash flows from investing activities:	
Proceeds from maturities of investments	510,451
Purchases of investments	(502,145)
Interest received on investments	14,933
Net cash provided by investing activities	<u>23,239</u>
Net decrease in cash and cash equivalents	(76,504)
Cash and cash equivalents at beginning of year	<u>261,972</u>
Cash and cash equivalents at end of year	<u><u>\$ 185,468</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating income (loss)	\$ (103,325)
Depreciation	117
Decrease in accounts receivable	3,500
Decrease in accounts payable and accrued expenses	(35)
Net cash used by operating activities	<u><u>\$ (99,743)</u></u>

See accompanying notes to financial statements.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements June 30, 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iowa Higher Education Loan Authority (the Authority) was created in 1982 under Chapter 261A of the Code of Iowa as a tax-exempt public instrumentality to promote, encourage, and further the investment of private capital in the provision of funds for financing of education loans for students attending participating private education institutions in the state of Iowa (the State). Chapter 261A was subsequently amended by the Iowa Legislature to enable the Authority to provide financing for the acquisition, construction, and renovation of educational facilities, structures, and equipment at private educational institutions in the State. The Authority is authorized to issue, and has issued, bonds to provide education and facilities loan financing. The Authority is also authorized to serve as a conduit issuer for facility bond financings. When utilized in this capacity, the Authority charges an issuance fee in connection with its role as issuer of the bonds.

The Authority has no taxing authority, and bonds issued do not constitute a debt, liability, or obligation of the State or any political subdivision thereof. The Authority is a related organization of the State. The Authority's financial statements are not included in the State's comprehensive annual financial report.

Fund Accounting – The Authority's accounts are organized primarily as funds, which are sets of self-balancing accounts for the assets, liabilities, net position, and revenues and expenditures of the Authority's education and facilities loan programs. Restricted funds are used to account for proceeds from the education and facilities loan revenue and refunding bonds, the debt service requirements of the bonds, the related education and facilities loans purchased, and each program's expenses.

The Authority has an unrestricted general fund which accounts for the general and administrative functions of the Authority.

Basis of Presentation – The financial statements have been prepared using the economic resources measurement focus and the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents – The Authority considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and have a maturity date no longer than three months at the date of purchase.

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

Liquidity – The Authority has \$502,261 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$26,141, receivables of \$14,561 and short-term investments of \$461,559. None of the financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Authority has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

2. INVESTMENTS

A summary of the Authority's investments as of June 30, 2019 is as follows:

Non-negotiable certificate of deposit maturing through August 2019	\$ 152,250
Treasury notes maturing through September 2020	349,912
U.S. Agency note maturing in December 2019	149,983
	<u>\$ 652,145</u>

The Authority uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Authority had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

3. CAPITAL ASSETS

A summary of capital assets activity for the year ended June 30, 2019 follows:

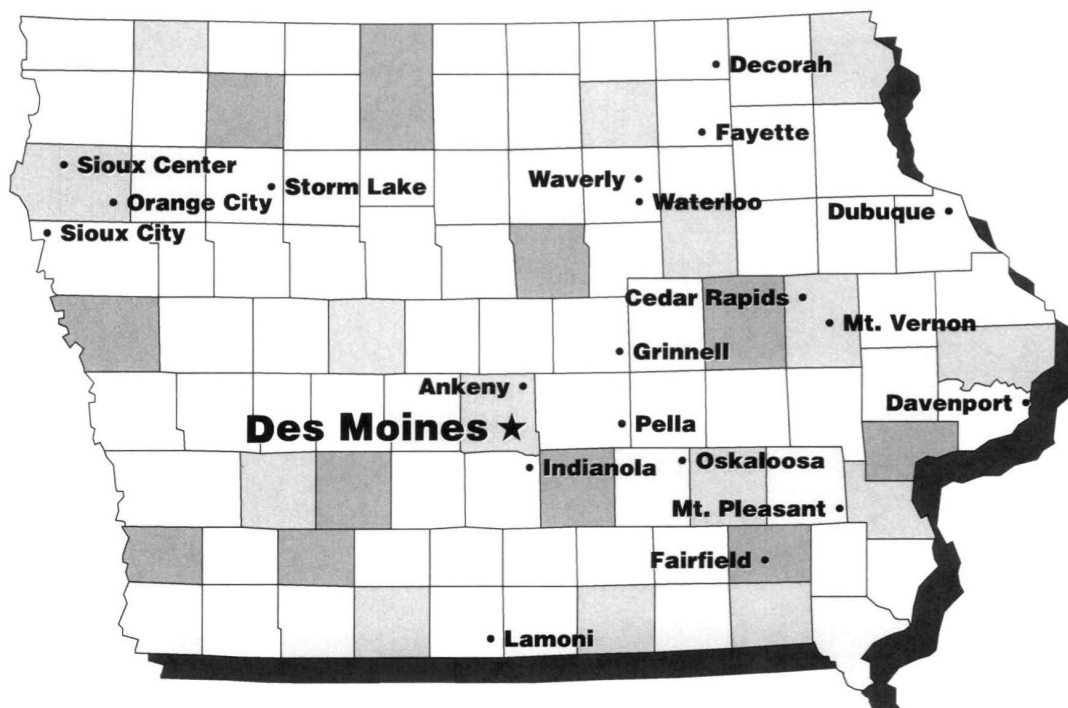
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Equipment	\$ 11,805	-	-	11,805
Total	<u>11,805</u>	<u>-</u>	<u>-</u>	<u>11,805</u>
Less accumulated depreciation	<u>11,303</u>	<u>117</u>	<u>-</u>	<u>11,420</u>
Capital assets, net	<u>\$ 502</u>	<u>(117)</u>	<u>-</u>	<u>385</u>

IOWA HIGHER EDUCATION LOAN AUTHORITY

Notes to Financial Statements (Continued) June 30, 2019

4. CONDUIT DEBT OBLIGATIONS

From time to time the Authority has issued bonds to provide property and equipment financing for private educational institutions. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, the amount of such bonds outstanding aggregated approximately \$671,570,000.



- | | |
|---|--------------|
| 1. Dordt College ----- | Sioux Center |
| 2. Briar Cliff University ----- | Sioux City |
| 3. Morningside College ----- | Sioux City |
| 4. Buena Vista University ----- | Storm Lake |
| 5. Wartburg College ----- | Waverly |
| 6. Upper Iowa University ----- | Fayette |
| 7. Luther College ----- | Decorah |
| 8. Clarke University ----- | Dubuque |
| 9. University of Dubuque ----- | Dubuque |
| 10. Loras College ----- | Dubuque |
| 11. Wartburg Theological Seminary ----- | Dubuque |
| 12. Coe College ----- | Cedar Rapids |
| 13. Mount Mercy University ----- | Cedar Rapids |
| 14. Palmer College of Chiropractic ----- | Davenport |
| 15. St. Ambrose University ----- | Davenport |
| 16. Grinnell College ----- | Grinnell |
| 17. Central College ----- | Pella |
| 18. William Penn University ----- | Oskaloosa |
| 19. Maharishi University of Management ----- | Fairfield |
| 20. Iowa Wesleyan University ----- | Mt. Pleasant |
| 21. Graceland University ----- | Lamoni |
| 22. Simpson College ----- | Indianola |
| 23. Faith Baptist Bible College & Seminary ----- | Ankeny |
| 24. Drake University ----- | Des Moines |
| 25. Grand View University ----- | Des Moines |
| 26. Des Moines University of Osteopathic Medicine ----- | Des Moines |
| 27. Mercy College of Health Sciences ----- | Des Moines |
| 30. Allen College ----- | Waterloo |
| 31. Cornell College ----- | Mt. Vernon |
| 32. Northwestern College ----- | Orange City |



Iowa Higher Education Loan Authority
2019 Annual Report

Photo courtesy of Grinnell College, Justin Hayworth photographer